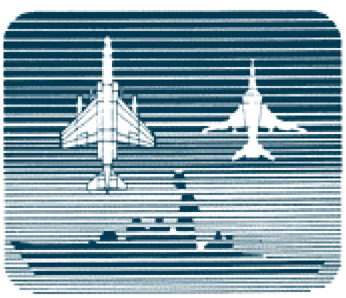

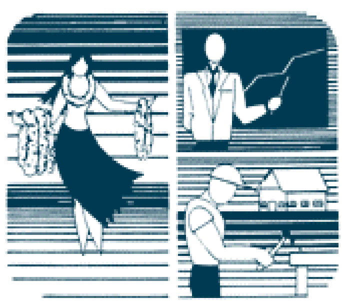

DBEDT
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STATE OF HAWAII

QUARTERLY STATISTICAL & ECONOMIC REPORT,

Executive Summary March 2000

TABLE of CONTENTS, Exec Summary

This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

Director, Dr. Seiji F. Naya, heads the department. This report was prepared under the direction of the division administrator, Dr. Pearl Imada Iboshi.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before March 13, 2000.

On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report, State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at http://www.hawaii.gov/dbedt/index.html.

Beginning in March 2000, the printing of the entire QSER has been discontinued. The full version will be available on-line http://www.hawaii.gov/dbedt/qser.html and QSER Executive Summary at http://www.hawaii.gov/dbedt/latest.html or a subscription is available on request by fax or e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division's Business Resource Center at (808) 586-2424.

This report has been catalogued as follows:

Hawaii. Dept. of Business, Economic Development and Tourism. Research and Economic Analysis Division.
Quarterly statistical and economic report-State of Hawaii. Honolulu: 1975-

Quarterly.
Beginning March 2000 the printed report is an executive summary and the complete report is available electronically at www.hawaii.gov/dbedt/qser.html

1. Hawaii-Statistics.
HA4007.H359

STATE OF THE ECONOMY

Economic activity in Hawaii expanded in the fourth quarter. Employment and the number of jobs rose while unemployment continued to fall. Personal income increased at relatively rapid pace in the third quarter (the latest data available). The average daily visitor census (a combination of arrivals and lengths of stay) rose and bankruptcy filings continued to fall. General fund tax revenues declined in the fourth quarter, but this was largely due to technical factors and the temporary effects from recent individual income tax cuts.

Civilian employment increased by 0.9 percent from the fourth quarter of 1998 to the fourth quarter of 1999 (Table 1). Interestingly, the number of non-agricultural wage and salary jobs also increased by 0.6 percent over the period. For the last several years, these two measures of the labor market have moved in opposite directions, with employment rising and jobs falling. The movement of wage and salary job growth into positive territory is another signal of reviving economic activity.

Confirming this, the number of unemployed fell by almost 15 percent in the fourth quarter, and the unemployment rate dropped by nearly a full percentage point to 4.9 percent. For 1999 overall, the unemployment rate fell by 0.7 percentage points to 5.5 percent.

Most of the growth in nonagricultural wage and salary jobs in the fourth quarter came in services (1.6 percent). Adjusting for size, state government jobs were the next-largest source of gain (2.6 percent), followed by retail trade (0.3 percent) and manufacturing (0.6 percent). Agricultural wage and salary jobs also jumped by a remarkable 8.4 percent over the period.

Interestingly, the largest decline in jobs did <u>not</u> come from construction in the fourth quarter. Adjusting for industry size, finance, insurance, and real estate experienced the largest job decline (-2.5 percent), followed by the federal government (-1.3 percent), and transportation, communications, and utilities (-0.7 percent).

Personal income grew by a strong 3.9 percent in the third quarter compared to the third quarter of 1998 (Table B-1). Third quarter data are the latest available from the U.S. Bureau of Economic Analysis. The growth was well distributed across wages and salaries (3.7 percent), proprietors' income (6.8 percent), and dividends, interest, and rent (3.3 percent).

General fund tax revenue fell by 1.4 percent in the fourth quarter of 1999 (Table 1). The fourth quarter decline was mainly due to a technical "weekend effect" in which tax revenues for December 1999 (which ended on a Friday holiday) were pushed into January 2000. For 1999 as a whole, revenues were down by 1.7 percent, which primarily reflected the phase-in of lower personal income tax rates that began in January 1999.

The number of visitor arrivals increased by 2.4 percent in the fourth quarter, entirely due to strong westbound growth. Because average length of stay also increased, the average daily visitor census rose by 3.2 percent over the period (Table D-1).

Finally, the number of bankruptcy filings fell by 18.9 percent in the fourth quarter, marking the third consecutive quarter of lower bankruptcy filings.

OUTLOOK OF THE ECONOMY

The outlook for Hawaii's economy has improved since last quarter. Economic growth for the U.S. as a whole was stronger than expected in 1999, and the outlook remains good. While the Japanese economy has slowed recently, expectations of positive growth continue for 2000 and 2001. DBEDT has therefore raised its forecast for Hawaii's economy in the next several years.

The U.S. economy performed more strongly than expected in the fourth quarter of 1999, rising by 4.5 percent from the fourth quarter of 1998 to the fourth quarter of 1999. The Blue Chip Economic Indicators (as of March 10, 2000), a consensus of about 50 forecasters, expects real economic growth of 4.1 percent in 2000 and of 3.1 percent in 2001. The 2000 forecast represents an increase of almost one full percentage point from the Blue Chip forecast reported in the December issue of the *QSER*.

The Blue Chip forecasters expect U.S. consumer price inflation to move up slightly to 2.6 percent in 2000 from the 2.2 percent level of 1999. The 2.6 percent consumer inflation forecast also applies to 2001. The forecasters expect that unemployment will drop to 4.0 percent in 2000 and rise slightly to 4.2 percent in 2001.

The UCLA Anderson forecast for California's economy (an important influence on Hawaii) is for 4.7 percent real personal income growth in 2000 and 3.8 percent growth in 2001. As with the Blue Chip forecast for the U.S. as a whole, the Anderson forecast for 2000 is up sharply from the previous quarter.

Japan has recently announced that fourth-quarter growth in real gross domestic product fell by 1.4 percent from the third quarter. However the Blue Chip forecasters expect Japan's real economic growth to rise by 0.9 percent for 2000 and 1.9 percent in 2001. In addition, the Blue Chip forecasters expect strong growth in South Korea (7.2 percent in 2000, 6.0 percent in 2001), Taiwan (6.3 percent in both 2000 and 2001), Singapore (5.7 percent in both 2000 and 2001), and Hong Kong (3.8 percent in 2000, 4.3 percent in 2001).

At this writing the yen-dollar exchange rate stands at 105.6 yen per dollar, up 13 percent from March 1999. A stronger yen tends to boost Hawaii's economy because it makes Hawaii goods and services less expensive for Japanese visitors. The Blue Chip forecasters expect the yen to average 105 per dollar for 2000.

As a result of these indications, DBEDT has raised its economic forecast for 2000 and beyond. The following table contains the forecast. The number of visitor arrivals should increase by 2.3 percent this year, rising to 2.5 percent in 2001 and 2002. Inflation-adjusted personal income should follow the same pattern. The number of wage and salary jobs is expected to increase by 1.0 percent in 2000 and to rise to 1.1 percent in 2001 and 2002.

ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII: 1998 TO 2003

Economic Indicators	*1998 (actual)*	*1999 (actual)*	*2000 (forecast)*	*2001 (forecast)*	*2002 (forecast)*	*2003 (forecast)*
Total population (in thousands)	1,190.5	1,185.5	1,192.6	1,199.8	1,207.0	1,214.2
Visitor arrivals (in thousands)	6,738.2	6,848.5	7,016.6	7,194.3	7,361.0	7,532.1
Honolulu CPI-U (1982-84=100)	171.5	173.3	176.5	180.0	183.8	187.7
Personal income (in million dollars)	31,268.3	32,244.2 p	33,612.5	35,141.9	36,776.9	38,525.5
Personal income (in $1992 million)	28,278.2	28,872.1 p	29,536.1	30,274.5	31,031.4	31,838.2
Total wage & salary jobs (in thousands)	537.6	539.2 p	544.6	550.6	556.7	563.4
Gross state product (in million dollars)	34,914.8	36,045.9 p	37,597.7	39,317.6	41,147.6	43,098.8
Real gross state product (in $1992 million)	31,944.0	32,661.1 p	33,492.9	34,385.6	35,294.8	36,256.7
Gross state product deflator (1992=100)	109.3	110.4 p	112.3	114.3	116.6	118.9
Annual Percentage Change						
Total population (in thousands)	0.1	-0.4	0.6	0.6	0.6	0.6
Visitor arrivals (in thousands)	-2.0	1.6	2.3	2.5	2.5	2.6
Honolulu CPI-U (1982-84=100)	-0.2	1.0	1.9	2.0	2.1	2.1
Personal income (in million dollars)	2.5	3.1 p	4.2	4.6	4.7	4.8
Personal income (in $1992 million)	2.7	2.1 p	2.3	2.5	2.5	2.6
Total wage & salary jobs (in thousands)	-0.1	0.3 p	1.0	1.1	1.1	1.2
Gross state product (in million dollars)	2.0	3.2 p	4.3	4.6	4.7	4.7
Real gross state product (in $1992 million)	2.2	2.2 p	2.5	2.7	2.6	2.7
Gross state product deflator (1992=100)	-0.2	1.0 p	1.7	1.9	2.0	2.0

p Preliminary.
Source: Hawaii State Department of Business, Economic Development & Tourism, March 2000.

COUNTY ECONOMIC CONDITIONS

As in the last several quarters, the Neighbor Island economies seemed to perform the best in the fourth quarter—particularly Maui and Kauai counties. However, growth has also picked up in the City & County of Honolulu.

All four counties enjoyed growth in wage and salary jobs from the fourth quarter of 1998 to the fourth quarter of 1999. In terms of percent change, the largest growth came in Maui County (3.0 percent, Table 4), followed by Kauai County (1.2 percent, Table 5), Hawaii County (0.7 percent, Table 3), and the City & County of Honolulu (0.2 percent, Table 2).

Likewise, all of the counties experienced significant declines in their unemployment rates. Indeed, except for the City & County of Honolulu, the unemployment rate drops exceeded one percentage point. Honolulu's unemployment rate of 4.4 percent in the fourth quarter was down 0.7 percentage points from the same period in 1998.

To provide some perspective, the last time the unemployment rate was as low as the fourth quarter's 4.4 percent for the City & County of Honolulu was the first quarter of 1995. In Hawaii County, a rate as low as 7.1 percent was last seen in the fourth quarter of 1992. In Maui County, at 5.0 percent, the rate has not been lower since the fourth quarter of 1993. And in Kauai County, at 7.0 percent, the unemployment rate was last lower in the first quarter of 1992.

Adjusting for the size of industries in each county, the sources of wage and salary job growth differed in the fourth quarter. In Honolulu County, virtually all of the private sector growth came in services (1.9 percent). The leading private sectors in Hawaii County were construction (9.1 percent) and finance, insurance, and real estate (5.3 percent). Most of Maui County's job growth came in construction (40.0 percent), and the bulk of Kauai County's job growth occurred in retail trade (5.4 percent). With the exception of the City & County of Honolulu, there was also a significant job growth contribution from agriculture in each county.

In the public sector, all the counties experienced an increase in government jobs. In most cases, this largely came from a rise in state jobs. However, Kauai County also experienced a significant contribution from federal government positions.

The number of visitor arrivals rose in both Honolulu and Kauai counties. The City & County of Honolulu's 3.2 percent growth in the fourth quarter came from a 9.7 percent increase in westbound arrivals that offset a 3.5 percent decline in eastbound arrivals. Kauai County experienced a similar pattern with 5.3 percent growth westbound offsetting a decline of 5.7 percent eastbound, resulting in a total increase of 4.0 percent (the number of westbound visitors to Kauai is significantly higher than the number of eastbound visitors).

The number of visitor arrivals was down in both Hawaii County and Maui County. Hawaii County's drop was mirrored by a fall in hotel occupancy rates. However, Maui County experienced an increase in hotel occupancy rates, suggesting that the preliminary visitor arrivals numbers for Maui may be revised upward.

Table 1. 1999 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII

SERIES	UNIT	4th QUARTER 1999 NUMBER	4th QUARTER 1999 % CHANGE YEAR AGO	1999 NUMBER	1999 % CHANGE YEAR AGO
Civilian labor force 1/	Persons	600,450	0.0	599,500	0.4
Civilian employment	Persons	570,900	0.9	566,300	1.2
Civilian unemployment	Persons	29,550	-14.8	33,200	-11.0
Unemployment rate 2/	%	4.9	-0.9	5.5	-0.7
Total non-agric. wage & salary jobs 1/	Jobs	534,350	0.6	530,300	0.1
Contract construction	Jobs	20,500	-1.0	20,400	-4.0
Manufacturing	Jobs	16,300	0.6	16,200	-0.6
Transport., comm., utilities	Jobs	40,300	-0.7	40,300	-1.7
Trade	Jobs	132,300	0.2	130,850	-0.7
Retail	Jobs	111,400	0.3	110,050	-0.6
Finance, insur., & real estate	Jobs	34,550	-2.5	34,950	-1.5
Services & miscellaneous	Jobs	176,100	1.6	175,050	1.8
Hotels	Jobs	37,350	0.0	37,300	-1.2
Health	Jobs	35,900	-0.3	36,000	1.4
Government	Jobs	114,350	1.1	112,650	0.4
Federal	Jobs	30,050	-1.3	30,150	-0.8
State	Jobs	67,900	2.6	65,800	1.3
Local	Jobs	16,400	-0.6	16,650	-1.2
Agriculture wage & salary jobs 1/	Jobs	8,350	8.4	7,650	1.3
State general fund revenues	$1,000	682,978	-1.4	2,841,290	-1.7
General excise and use tax revenues	$1,000	347,698	-1.3	1,454,731	1.3
Income-individual	$1,000	260,895	-3.5	1,053,858	-3.6
Declaration of estimated taxes	$1,000	25,301	-14.3	197,042	1.4
Payment with returns	$1,000	8,158	5.5	95,315	1.5
Withholding tax on wages	$1,000	242,843	-3.3	977,157	-4.8
Refunds	$1,000	15,407	-14.5	215,656	-2.8
Transient accommodations tax	$1,000	35,953	25.5	153,367	21.8
Visitor arrivals 3/	Persons	1,661,980	2.4	6,848,500	1.6
Westbound visitors	Persons	1,114,660	6.2	4,502,770	6.1
Eastbound visitors	Persons	547,320	-4.4	2,345,730	-5.9
Hotel occupancy rates 2/	%	68.9	0.9	72.1	0.6

1/ Labor force and jobs are averages based on monthly rounded data.
2/ Change represents absolute change in rates rather than percentage change in rates.
3/ Preliminary data.
Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 2. 1999 SELECTED ECONOMIC ACTIVITIES: CITY AND COUNTY OF HONOLULU

SERIES	UNIT	4th QUARTER 1999 NUMBER	4th QUARTER 1999 % CHANGE YEAR AGO	1999 NUMBER	1999 % CHANGE YEAR AGO
Civilian labor force 1/	Persons	429,600	-0.7	429,150	0.0
Civilian employment	Persons	410,650	0.0	408,300	0.5
Civilian unemployment	Persons	19,000	-13.8	20,850	-9.2
Unemployment rate 2/	%	4.4	-0.7	4.9	-0.5
Total non-agric. wage & salary jobs 1/	Jobs	401,450	0.2	398,850	-0.3
Contract construction	Jobs	14,350	-8.3	14,800	-8.9
Manufacturing	Jobs	12,650	0.4	12,550	-1.2
Transport., comm., utilities	Jobs	31,550	-1.7	31,650	-3.1
Trade	Jobs	96,600	0.0	95,400	-1.3
Retail	Jobs	79,300	-0.1	78,150	-1.5
Finance, insur., & real estate	Jobs	27,400	-3.2	27,850	-1.9
Services & miscellaneous	Jobs	127,100	1.9	126,300	2.4
Hotels	Jobs	16,250	-1.8	16,300	-3.0
Health	Jobs	29,150	-0.9	29,300	0.9
Government	Jobs	91,850	1.1	90,350	0.3
Federal	Jobs	28,300	-1.2	28,450	-0.7
State	Jobs	52,250	2.5	50,450	1.2
Local	Jobs	11,300	0.4	11,450	-0.4
Agriculture wage & salary jobs 1/	Jobs	2,300	2.2	2,200	0.0
General excise and use tax revenues	$1,000	286,801	-2.8	1,199,179	0.1
Income-individual	$1,000	227,469	-3.7	918,708	-4.5
Declaration of estimated taxes	$1,000	19,454	-18.3	147,790	-2.9
Payment with returns	$1,000	6,094	5.7	73,355	0.1
Withholding tax on wages	$1,000	213,959	-3.4	860,132	-5.3
Refunds	$1,000	12,039	-18.8	162,570	-5.6
Transient accommodations tax	$1,000	27,591	24.9	115,133	14.9
Visitor arrivals 3/	Persons	1,163,920	3.2	4,731,940	0.3
Westbound visitors	Persons	626,680	9.7	2,471,390	8.2
Eastbound visitors	Persons	537,240	-3.5	2,260,550	-7.2
Hotel occupancy rates 2/	%	70.2	1.7	71.9	-0.4

1/ Labor force and jobs are averages based on monthly rounded data.
2/ Change represents absolute change in rates rather than percentage change in rates.
3/ Preliminary.
Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 3. 1999 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY

SERIES	UNIT	4th QUARTER 1999 NUMBER	4th QUARTER 1999 % CHANGE YEAR AGO	1999 NUMBER	1999 % CHANGE YEAR AGO
Civilian labor force 1/	Persons	68,700	0.4	68,900	0.3
Civilian employment	Persons	63,800	1.9	62,850	1.3
Civilian unemployment	Persons	4,900	-15.5	6,050	-9.0
Unemployment rate 2/	%	7.1	-1.3	8.8	-0.9
Total non-agric. wage & salary jobs 1/	Jobs	49,900	0.7	49,350	-0.4
Contract construction	Jobs	1,800	9.1	1,650	-13.2
Manufacturing	Jobs	1,450	0.0	1,450	-3.3
Transport., comm., utilities	Jobs	2,800	0.0	2,850	1.8
Trade	Jobs	13,300	0.0	13,100	0.0
Retail	Jobs	11,500	0.0	11,400	0.9
Finance, insur., & real estate	Jobs	3,000	5.3	2,950	7.3
Services & miscellaneous	Jobs	16,800	-0.3	16,700	-1.5
Hotels	Jobs	6,500	0.8	6,450	-2.3
Health	Jobs	2,950	3.5	2,850	3.6
Government	Jobs	10,750	1.4	10,600	0.5
Federal	Jobs	850	-5.6	850	-5.6
State	Jobs	7,650	3.4	7,450	1.4
Local	Jobs	2,250	-4.3	2,250	-4.3
Agriculture wage & salary jobs 1/	Jobs	2,700	5.9	2,450	-2.0
General excise and use tax revenues	$1,000	23,125	8.9	94,302	3.9
Income-individual	$1,000	13,210	-4.4	56,528	2.2
Declaration of estimated taxes	$1,000	2,299	-6.5	19,257	10.7
Payment with returns	$1,000	835	12.2	9,230	3.5
Withholding tax on wages	$1,000	11,251	-4.6	47,449	-1.0
Refunds	$1,000	1,175	-0.6	19,408	2.6
Transient accommodations tax	$1,000	1,776	39.8	8,612	20.3
Visitor arrivals 3/	Persons	317,830	-1.0	1,259,860	-0.8
Westbound visitors	Persons	252,830	3.7	994,600	3.5
Eastbound visitors	Persons	65,000	-16.0	265,260	-14.2
Hotel occupancy rates 2/	%	60.9	-3.8	65.5	-3.9

1/ Labor force and jobs are averages based on monthly rounded data.
2/ Change represents absolute change in rates rather than percentage change in rates.
3/ Preliminary.
Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 4. 1999 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY

SERIES	UNIT	4th QUARTER 1999 NUMBER	4th QUARTER 1999 % CHANGE YEAR AGO	1999 NUMBER	1999 % CHANGE YEAR AGO
Civilian labor force 1/	Persons	72,250	3.1	71,650	2.1
Civilian employment	Persons	68,650	4.3	67,550	3.3
Civilian unemployment	Persons	3,600	-16.3	4,100	-14.6
Unemployment rate 2/	%	5.0	-1.2	5.7	-1.1
Total non-agric. wage & salary jobs 1/	Jobs	58,000	3.0	57,150	1.4
Contract construction	Jobs	3,150	40.0	2,800	36.6
Manufacturing	Jobs	1,800	2.9	1,800	2.9
Transport., comm., utilities	Jobs	4,250	4.9	4,150	3.8
Trade	Jobs	15,150	0.3	15,200	0.0
Retail	Jobs	13,800	1.1	13,800	0.4
Finance, insur., & real estate	Jobs	2,900	-4.9	2,950	-4.8
Services & miscellaneous	Jobs	23,050	2.2	22,700	0.2
Hotels	Jobs	10,900	1.9	10,850	0.5
Health	Jobs	2,350	0.0	2,350	2.2
Government	Jobs	7,700	1.3	7,650	0.7
Federal	Jobs	550	0.0	550	10.0
State	Jobs	5,350	2.9	5,250	1.0
Local	Jobs	1,850	0.0	1,900	0.0
Agriculture wage & salary jobs 1/	Jobs	2,350	14.6	2,150	7.5
General excise and use tax revenues	$1,000	28,786	5.9	122,966	10.1
Income-individual	$1,000	14,977	4.1	57,584	2.4
Declaration of estimated taxes	$1,000	2,674	26.6	21,878	21.3
Payment with returns	$1,000	846	-0.3	8,852	6.6
Withholding tax on wages	$1,000	12,812	-0.7	50,650	-1.2
Refunds	$1,000	1,355	-7.7	23,795	11.2
Transient accommodations tax	$1,000	5,326	18.3	24,409	59.5
Visitor arrivals 3/	Persons	542,670	-5.5	2,324,470	-1.5
Westbound visitors	Persons	471,560	-0.3	1,999,450	2.8
Eastbound visitors	Persons	71,110	-29.9	325,020	-21.9
Hotel occupancy rates 2/ 4/	%	72.1	1.2	77.4	4.1

1/ Labor force and jobs are averages based on monthly rounded data.
2/ Change represents absolute change in rates rather than percentage change in rates
3/ Preliminary.
4/ Data represent Maui Island only.
Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled b Hawaii State Department of Business, Economic Development & Tourism.

Table 5. 1999 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY

SERIES	UNIT	4th QUARTER 1999 NUMBER	4th QUARTER 1999 % CHANGE YEAR AGO	1999 NUMBER	1999 % CHANGE YEAR AGO
Civilian labor force 1/	Persons	29,950	1.5	29,800	2.6
Civilian employment	Persons	27,850	3.5	27,600	5.3
Civilian unemployment	Persons	2,100	-19.2	2,250	-21.1
Unemployment rate 2/	%	7.0	-1.8	7.6	-2.3
Total non-agric. wage & salary jobs 1/	Jobs	25,000	1.2	24,850	2.9
Contract construction	Jobs	1,150	0.0	1,200	14.3
Manufacturing	Jobs	450	12.5	450	12.5
Transport., comm., utilities	Jobs	1,700	3.0	1,650	3.1
Trade	Jobs	7,250	3.6	7,100	4.4
Retail	Jobs	6,850	5.4	6,650	4.7
Finance, insur., & real estate	Jobs	1,250	0.0	1,250	0.0
Services & miscellaneous	Jobs	9,200	-0.5	9,200	2.2
Hotels	Jobs	3,700	2.8	3,700	4.2
Health	Jobs	1,450	3.6	1,450	0.0
Government	Jobs	4,050	1.3	4,050	0.0
Federal	Jobs	400	14.3	350	0.0
State	Jobs	2,650	1.9	2,600	0.0
Local	Jobs	1,050	0.0	1,050	-4.5
Agriculture wage & salary jobs 1/	Jobs	950	18.8	900	12.5
General excise and use tax revenues	$1,000	8,986	0.2	38,284	6.1
Income-individual	$1,000	5,240	-9.6	21,038	4.7
Declaration estimated taxes	$1,000	874	-24.8	8,118	23.4
Payment with returns	$1,000	382	2.1	3,878	11.3
With holding tax on wages	$1,000	4,821	0.0	18,926	-2.3
Refunds	$1,000	837	49.6	9,884	5.9
Transient accommodations tax	$1,000	1,260	58.2	5,213	60.1
Visitor arrivals 3/	Persons	269,720	4.0	1,091,790	4.9
Westbound visitors	Persons	240,380	5.3	974,870	7.9
Eastbound visitors	Persons	29,340	-5.7	116,920	-14.4
Hotel occupancy rates 2/	%	65.7	2.5	70.3	4.2

1/ Labor force and jobs are averages based on monthly rounded data.
2/ Change represents absolute change in rates rather than percentage change in rates.
3/ Preliminary.
Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

A. LABOR FORCE AND JOBS

Labor market conditions improved in the fourth quarter of 1999. The unemployment rate fell below 5.0 percent, and wage and salary jobs increased. Most of the job gains were in retail trade, services, government, and agriculture.

The unemployment rate fell to 4.9 percent in the fourth quarter of 1999 (Table A-4). This was the first time since the fourth quarter of 1993 that the unemployment rate fell below 5.0 percent. The decrease reflected a large 14.8 percent drop in the number of unemployed in the quarter (Table A-3). The number of unemployed has been falling in Hawaii since the fourth quarter of 1997.

The other side of unemployment--civilian employment--rose by 0.9 percent from the fourth quarter of 1998 to the fourth quarter of 1999 (Table A-2). For 1999 as a whole, civilian employment was up 1.2 percent from 1998. By this measure, the number of persons employed in Hawaii (566,300) has never been higher.

Yet there are other measures that have not grown as much. The number of non-agricultural wage and salary jobs grew by 0.6 percent in the fourth quarter of 1999 over the year-earlier quarter (Table A-5). This was the fastest quarterly rate of growth since the second quarter of 1992. Non-agricultural wage and salary jobs also grew by 0.1 percent for all of 1999. Excluding 1997 (when growth was also 0.1 percent), this was the first year of positive job growth since 1992.

Most of the increase in private non-agricultural jobs in the fourth quarter came from a few sources: manufacturing (0.6 percent, Table A-7), retail trade (0.3 percent, Table A-11), and services (1.6 percent, Table A-14).

The number of jobs fell in other industries. Construction jobs declined by 1.0 percent from the fourth quarter of 1998 to the fourth quarter of 1999 (Table A-6). But this was the lowest rate of decline since the third quarter of 1993. For 1999 as a whole, construction jobs were down 4.0 percent, again the lowest drop since 1993.

Hotel jobs were unchanged in the fourth quarter (Table A-15). Hotel jobs had been falling steadily since the third quarter of 1997 and the onset of the Asian crisis. For the year as a whole, hotel jobs were down 1.2 percent.

Agricultural wage and salary jobs grew by 8.4 percent, from 7,700 to 8,350 between the fourth quarter of 1998 and the fourth quarter of 1999 (Table A-19). For the year as a whole, agricultural jobs were up 2.0 percent. The number of these jobs has been falling for decades with the decline of sugar and pineapple production. The fact that agricultural wage and salary jobs have risen in each of the past two years may indicate that a floor has been reached and that diversified agriculture has found its level in the economy.

In the public sector, federal government jobs fell by 1.3 percent in the fourth quarter and by 0.8 percent in 1999 as a whole (Table A-16). State government jobs grew by 2.6 percent in the fourth quarter, and by 1.3 percent in 1999 (Table A-17). Local government jobs declined--by 0.6 percent in the fourth quarter and by 1.2 percent for the year (Table A-18).

B. INCOME AND PRICES

Personal income jumped up sharply in the third quarter of 1999 (the latest data available). Most of the increase was due to a rise in wages and salaries, but proprietors' income also rose dramatically. On the other hand, inflation also picked up in the second half of the year, moderating the growth in real personal income.

In late January 2000, the U.S. Bureau of Economic Analysis reported that Hawaii personal income rose by 3.9 percent from the third quarter of 1998 to the third quarter of 1999 (Table B-2). While this is a preliminary estimate that may later be revised, this was the fastest rate of growth since the second quarter of 1995.

Wages and salaries, the largest component of personal income, accounted for most of the increase. Wages and salaries expanded by 3.7 percent in the third quarter of 1999 relative to the year-earlier quarter (Table B-3). This was the fastest rate of growth for this component since the fourth quarter of 1992.

Other labor income grew for the first time since the fourth quarter of 1994—up 1.2 percent from the third quarter of 1998 to the third quarter of 1999 (Table B-4). Other labor income consists of employer contributions to privately-provided benefits such as pensions, profit-sharing, group health and life insurance, and so on.

The personal income component with the most dramatic increase was proprietors' income. This measure of self-employed income grew by 6.8 percent in the third quarter from the year-earlier period (Table B-5). Proprietors' income has been growing relatively strongly since the end of 1997. This rise is consistent with other indications that the number of self-employed workers in Hawaii has increased in recent years.

The dividends, interest, and rent component also rose by a strong 3.3 percent over the period. This was the fastest rate of growth since the third quarter of 1996.

Measured by non-farm earnings, most of the personal income growth from the third quarter of 1998 to the third quarter of 1999 came from the private sector (Table B-1). The leaders in private earnings were services (5.2 percent), retail trade (4.1 percent), and finance, insurance, and real estate (4.2 percent). Construction earnings fell by 3.0 percent over the period, and earnings in the transportation and utilities industry declined by 2.0 percent.

Public sector earnings grew by 5.8 percent over the period. Federal civilian earnings were up by 5.0 percent while military earnings were flat. Earnings to the state and local government sector grew by a sharp 9.6 percent, but this largely reflected a one-time payment of retroactive wage increases from state arbitration awards.

The Honolulu Consumer Price Index jumped by 1.6 percent from the second half of 1998 to the second half of 1999. This was the largest increase in prices since the first half of 1996. The price increase suggests that the real increase in third quarter personal income was on the order of 2.3 percent.

Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES

[In Millions of Dollars at Seasonally Adjusted Annual Rates]

Series	Third Quarter 1998	First 9 months 1998	Second Quarter 1999	Third Quarter 1999	First 9 months 1999	Percent Change: To Third Quarter 1999 from Second Quarter 1999	Percent Change: To Third Quarter 1999 from Third Quarter 1998	Percent Change: First 9 months 1999 from 1998
PERSONAL INCOME	31,316	31,177	32,061	32,523	32,078	1.4	3.9	2.9
Earnings By Place of Work	22,187	22,124	22,671	23,056	22,687	1.7	3.9	2.5
Wage and salary disbursements	17,776	17,719	18,120	18,438	18,140	1.8	3.7	2.4
Other labor income	1,691	1,697	1,693	1,711	1,693	1.1	1.2	-0.3
Proprietors' income	2,721	2,708	2,859	2,906	2,855	1.6	6.8	5.4
Farm proprietors' income	6	6	7	8	7	14.3	33.3	22.2
Nonfarm proprietors' income	2,715	2,702	2,851	2,898	2,847	1.6	6.7	5.4
Dividends, interest, and rent	5,180	5,137	5,302	5,352	5,299	0.9	3.3	3.1
Transfer payments	5,373	5,342	5,535	5,582	5,540	0.8	3.9	3.7
Less: Pers. cont. for social insur.	1,425	1,427	1,448	1,467	1,449	1.3	2.9	1.6
Earnings By Industry	22,187	22,124	22,671	23,056	22,687	1.7	3.9	2.5
Farm Earnings	174	168	168	160	168	-4.8	-8.0	0.0
Nonfarm Earnings	22,013	21,956	22,504	22,896	22,520	1.7	4.0	2.6
Private Earnings	16,405	16,327	16,761	16,960	16,700	1.2	3.4	2.3
Ag. serv., forestry, fishing & oth	145	147	158	159	155	0.6	9.7	5.2
Mining	16	17	15	16	15	6.7	0.0	-8.0
Construction	1,364	1,379	1,353	1,323	1,330	-2.2	-3.0	-3.6
Manufacturing	803	809	827	860	832	4.0	7.1	2.9
Transport. and public utilities	1,852	1,838	1,797	1,815	1,816	1.0	-2.0	-1.2
Wholesale trade	826	820	836	845	834	1.1	2.3	1.7
Retail trade	2,648	2,654	2,723	2,757	2,720	1.2	4.1	2.5
Finance, insur., and real estate	1,854	1,814	1,909	1,932	1,895	1.2	4.2	4.5
Services	6,896	6,849	7,142	7,254	7,103	1.6	5.2	3.7
Gov't and gov't enterprises	5,608	5,629	5,743	5,936	5,820	3.4	5.8	3.4
Federal, civilian	1,388	1,377	1,446	1,457	1,449	0.8	5.0	5.3
Military	1,537	1,556	1,521	1,538	1,536	1.1	0.1	-1.3
State and local	2,683	2,697	2,776	2,941	2,834	5.9	9.6	5.1

Data for 1999 Q1 and Q2 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data: January 26, 2000, <http://www.bea.doc.gov/bea/regional/sq/sq5prn.exe> and <http://www.bea.doc.gov/bea/newsrel/spi0100.html>, and tabulations by the Hawaii State Department of Business, Economic Development & Tourism.

Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U)

[1982-84=100]

		Honolulu								
Period	***U.S.***	*All Items*	*Food & Beverages*	*Housing*	*Apparel & Upkeep*	*Transpor-tation*	*Medical Care*	*Recre-ation 1/*	*Educ. & Comm. 1/*	*Other Goods & Services*
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	2.9	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
1995H1	3.0	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.6	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.
NA Not available.
1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.
Source: U.S. Bureau of Labor Statistics, <http://stats.bls.gov>, Fax-on-Demand (415) 975-4567, and Information (415) 975-4350.

C. TAX REVENUES

Tax revenues indicate that Hawaii's economy sank in the fourth quarter. However, technical factors explain much of the decline. For 1999 as a whole, general fund tax revenues fell primarily because of reductions in individual income tax rates that began in January.

General fund tax revenues slipped by 1.4 percent from the fourth quarter of 1998 to the fourth quarter of 1999 (Table C-2). For the year as a whole, general fund revenues were down 1.7 percent.

The decline in general fund revenues in the fourth quarter was largely due to technical factors. Most of the fourth-quarter decline occurred in December. And the Department of Taxation attributed most of December's decline to a "weekend effect." Because December 1999 ended on a Friday holiday, a large amount of tax receipts was pushed into January. In confirmation of this analysis, January 2000 figures indicated a sharp, 21.1 percent increase in general fund revenues over January 1999.

The 1.3 percent fourth-quarter decline in general excise and use tax revenues—the largest source of general fund revenues—also reflected the weekend effect (Table C-3). For the year as a whole, general excise revenues rose by 1.3 percent, the strongest growth since 1996.

Most of the decline in general fund revenues in 1999 was due to a reduction in individual income tax rates. These rates are being lowered over four years starting in 1999. As a result, net individual income tax rates fell by 3.5 percent from the fourth quarter of 1998 to the fourth quarter of 1999 (Table C-4). They fell by 3.6 percent for 1999 as a whole.

Declarations of estimated individual income taxes fell by 14.3 percent in the fourth quarter (Table C-5). But these were also subject to the December weekend effect. For the year as a whole, declarations of estimated taxes rose 1.4 percent, following strong growth in the previous three years. The general increase in estimated tax payments may reflect increases in self-employment income that is also reflected in labor and personal income data.

Net corporate income tax receipts jumped by more than 100 percent in the fourth quarter but fell by 4.8 percent for 1999 overall (Table C-9). As these figures suggest, much of the fourth-quarter movement in corporate tax revenue may have been driven by end-of-year accounting effects. Nevertheless, the rise in declarations of estimated corporate income tax in the fourth quarter also suggest improvements in the economic activity (Table C-10).

The transient accommodations tax (TAT) rate increased from 6 percent to 7.25 percent and the tax base increased to include time-share units on January 1, 1999. This explained most of the 25.5 percent increase in TAT revenues from the fourth quarter of 1998 to the fourth quarter of 1999 (Table C-13). Some of the increase also reflected improvement in the visitor industry following the difficulties of 1998 from the Asian economic crisis. For the 1999 as a whole, TAT revenues rose by 21.8 percent over 1998.

Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS

Year		General Excise and Use Tax	Net Individual Income Tax 1/	Net Corporate Income Tax 2/	Tax Revenues Distributed to State General Fund
In Thousands of Dollars					
1990		1,250,203	743,114	86,269	2,246,752
1991		1,287,819	1,174,144	70,568	2,397,289
1992		1,299,814	922,206	42,737	2,523,670
1993		1,308,797	951,405	22,239	2,555,912
1994		1,347,945	1,003,480	34,228	2,672,291
1995		1,386,684	918,811	37,336	2,614,713
1996		1,469,766	995,456	51,243	2,799,972
1997		1,433,012	985,000	55,594	2,756,621
1998		1,436,654	1,093,241	50,112	2,889,291
1999		1,454,731	1,053,858	47,692	2,841,290
1997	1 Qtr.	365,069	227,409	18,055	688,683
	2 Qtr.	366,563	213,468	32,330	676,222
	3 Qtr.	356,533	269,597	10,594	704,749
	4 Qtr.	344,846	274,526	-5,386	686,967
1998	1 Qtr.	375,018	247,815	10,592	714,466
	2 Qtr.	348,955	291,713	30,408	743,003
	3 Qtr.	360,313	283,430	15,479	738,957
	4 Qtr.	352,368	270,283	-6,368	692,866
1999	1 Qtr.	369,292	238,606	7,428	686,437
	2 Qtr.	365,306	276,392	26,104	735,905
	3 Qtr.	372,436	277,965	14,119	735,969
	4 Qtr.	347,698	260,895	41	682,978
Percentage Change from the Same Period in Previous Year					
1991		3.0	21.2	-18.2	6.7
1992		0.9	2.4	-39.4	5.3
1993		0.7	3.2	-48.0	1.3
1994		3.0	5.5	53.9	4.6
1995		2.9	-8.4	9.1	-2.2
1996		6.0	8.3	37.2	7.1
1997		-2.5	-1.1	8.5	-1.5
1998		0.3	11.0	-9.9	4.8
1998		1.3	-3.6	-4.8	-1.7
1997	1 Qtr.	-5.6	-6.1	16.9	-5.0
	2 Qtr.	2.6	-2.0	14.1	1.3
	3 Qtr.	-5.9	-2.6	6.9	-4.6
	4 Qtr.	-0.5	6.2	-119.3	2.8
1998	1 Qtr.	2.7	9.0	-41.3	3.7
	2 Qtr.	-4.8	36.7	-5.9	9.9
	3 Qtr.	1.1	5.1	46.1	4.9
	4 Qtr.	2.2	-1.5	-18.3	0.9
1999	1 Qtr.	-1.5	-3.7	-29.9	-3.9
	2 Qtr.	4.7	-5.3	-14.2	-1.0
	3 Qtr.	3.4	-1.9	-8.8	-0.4
	4 Qtr.	-1.3	-3.5	100.6	-1.4

These series represent data as reported by the Hawaii State Department of Taxation, without adjustmen

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refun

Individual income tax rates changed effective January 1, 199

2/ Declaration of estimated taxes, plus payments with returns, less refunc

Source: Hawaii State Department of Taxation

D. TOURISM

The average daily visitor census and the number of visitor arrivals both rose in the fourth quarter, so that tourism indicators finished 1999 with solid growth over 1998. While the eastbound market continued to decline, strength in the westbound census and arrivals numbers offset the eastbound weakness.

Average daily visitor census expanded by 3.2 percent from the fourth quarter of 1998 to the fourth quarter of 1999 (Table D-5). At 162,800, the average daily census in the fourth quarter of 1999 was the highest fourth-quarter Hawaii has ever seen. For the year as a whole, the visitor census was up by 2.1 percent over 1998.

Either the visitor census or the number of visitor days is considered a better indicator of Hawaii's tourism strength than the number of arrivals. The visitor census and visitor days reflect both arrivals and lengths of stay and thereby have a closer relationship to actual visitor expenditures than just arrivals alone.

Yet the number of arrivals also increased in the fourth quarter by 2.4 percent over the same period in 1998 (Table D-2). For the year, arrivals were up by 1.6 percent.

Strength in the westbound market was clearly the source of growth in both the fourth quarter and 1999 as a whole. The average westbound visitor census was up 7.1 percent in the fourth quarter and by 5.5 percent in 1999 relative to 1998 (Table D-5). The number of westbound visitor arrivals grew by 6.2 percent in the fourth quarter and by 6.1 percent for 1999 as a whole (Table D-3). Fourth-quarter westbound arrivals topped 1 million for the second year in a row--matching levels that have not been seen since the fourth quarters of 1986-1992.

The eastbound market continued to show residual negative effects from the Asian crisis generally and from the struggling Japanese economy in particular. The eastbound average daily census was down 10.3 percent from the fourth quarter of 1998 to the fourth quarter of 1999. For 1999 as a whole, the eastbound census fell 8.3 percent (Table D-5). Eastbound visitor arrivals fell 4.4 percent in the fourth quarter and 5.9 percent for 1999 overall (Table D-4). The rate of eastbound arrival decline has slowed recently, but the drop in 1999 was slightly larger than the drop in 1998.

Average length of stay fell slightly in the fourth quarter. The westbound length of stay fell to 10.52 days, and the eastbound length of stay dropped to 5.65 days (Table D-6). For 1999 as a whole, lengths of stay fell for both westbound and eastbound but the overall length of stay increased by 0.5 percent. This was due to a shift in the composition from eastbound visitors to westbound visitors who stay longer.

The strength from westbound markets was also reflected in somewhat higher occupancy rates. In the fourth quarter of 1999, the hotel occupancy rate was 68.9 percent, up almost a full percentage point from the fourth quarter of 1998 (Table D-7). For the year as a whole, the occupancy rate rose 0.6 percentage points to 72.1 percent.

Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR

Year		Visitor Arrivals 1/			Average Daily Visitor Census		
		Total	Westbound	Eastbound	**Total**	Westbound	Eastbound
1990		6,971,180	4,719,730	2,251,450	162,070	125,590	36,480
1991		6,873,890	4,584,460	2,289,430	157,590	121,330	36,260
1992		6,513,880	3,980,120	2,533,760	153,390	113,860	39,530
1993		6,124,230	3,764,520	2,359,710	148,750	108,090	40,660
1994		6,430,300	3,997,820	2,432,480	159,200	115,220	43,980
1995		6,629,180	3,933,110	2,696,070	159,060	113,040	46,020
1996		6,829,800	4,004,450	2,825,350	161,610	114,440	47,170
1997		6,876,140	4,077,950	2,798,190	158,120	114,960	43,160
1998		6,738,220	4,245,280	2,492,950	159,890	119,700	40,190
1999		6,848,500	4,502,770	2,345,730	163,190	126,340	36,850
1997	1 Qtr.	1,729,650	1,038,290	691,360	176,650	129,270	47,380
	2 Qtr.	1,649,090	995,630	653,460	151,800	110,610	41,180
	3 Qtr.	1,827,010	1,044,620	782,390	155,310	108,710	46,590
	4 Qtr.	1,670,390	999,410	670,980	149,090	111,540	37,550
1998	1 Qtr.	1,698,510	1,053,620	644,890	179,090	133,380	45,710
	2 Qtr.	1,651,720	1,063,990	587,730	146,450	111,480	34,960
	3 Qtr.	1,765,640	1,077,970	687,670	156,360	113,810	42,550
	4 Qtr.	1,622,360	1,049,700	572,660	157,760	120,280	37,480
1999	1 Qtr.	1,718,210	1,132,340	585,870	174,570	136,080	38,480
	2 Qtr.	1,649,830	1,096,630	553,200	150,820	117,270	33,550
	3 Qtr.	1,818,480	1,159,140	659,340	166,470	124,700	41,760
	4 Qtr.	1,661,980	1,114,660	547,320	162,800	128,820	33,610
Percentage Change from the Same Period in Previous Year							
1990		5.0	0.3	16.3	-4.5	-7.3	6.7
1991		-1.4	-2.9	1.7	-2.8	-3.4	-0.6
1992		-5.2	-13.2	10.7	-2.7	-6.2	9.0
1993		-6.0	-5.4	-6.9	-3.0	-5.1	2.9
1994		5.0	6.2	3.1	7.0	6.6	8.2
1995		3.1	-1.6	10.8	-0.1	-1.9	4.6
1996		3.0	1.8	4.8	1.6	1.2	2.5
1997		0.7	1.8	-1.0	-2.2	0.5	-8.5
1998		-2.0	4.1	-10.9	1.0	4.1	-7.0
1999		1.6	6.1	-5.9	2.1	5.5	-8.3
1997	1 Qtr.	-0.5	-1.1	0.5	0.8	1.3	-0.7
	2 Qtr.	-1.3	-1.5	-1.0	-2.1	0.9	-9.4
	3 Qtr.	0.7	2.2	-1.1	-2.7	-1.2	-6.0
	4 Qtr.	3.9	8.5	-2.3	-4.8	0.8	-18.2
1998	1 Qtr.	-1.8	1.5	-6.7	1.4	3.2	-3.5
	2 Qtr.	0.2	6.9	-10.1	-3.5	0.8	-15.1
	3 Qtr.	-3.4	3.2	-12.1	0.7	4.7	-8.7
	4 Qtr.	-2.9	5.0	-14.7	5.8	7.8	-0.2
1999	1 Qtr.	1.2	7.5	-9.2	-2.5	2.0	-15.8
	2 Qtr.	-0.1	3.1	-5.9	3.0	5.2	-4.0
	3 Qtr.	3.0	7.5	-4.1	6.5	9.6	-1.9
	4 Qtr.	2.4	6.2	-4.4	3.2	7.1	-10.3

1/ Staying overnight or longer.
Source: Hawaii Visitors & Convention Bureau, and Hawaii State Department of Business, Economic Development & Tourism.

E. CONSTRUCTION

Construction indicators continued to rise in the fourth quarter. The growth in building-permit values accelerated in the quarter, leaving the 1998-to-1999 increase above 30 percent. Most of the fourth quarter growth occurred in Honolulu and Hawaii Counties. Housing prices also advanced in the quarter, but the number of transactions slowed.

The value of building permits, a measure of future construction activity, increased by nearly 70 percent in the fourth quarter of 1999 compared to the year-earlier quarter (Table E-1). For 1999 overall, building permit values expanded by 32.6 percent. Most of the fourth-quarter growth came in additions and alterations and residential. However, over the year, commercial and industrial activity also showed a healthy increase.

Authorizations have not yet translated into construction activity. The contracting tax base, a measure of recently-completed construction, declined by a slight 0.8 percent in the fourth quarter. For the year as a whole, the tax base was up by 0.7 percent.

The *number* (as opposed to the value) of authorizations also grew sharply in the fourth quarter. The number of single family home authorizations increased by 25.6 percent over the fourth quarter of 1998 (Table E-2). For the year, the number of authorizations was up 12.9 percent—the largest percent increase since 1987.

The number of multi-family units rose even faster. Multi-family unit permits increased by almost five-fold in the fourth quarter (Table E-3). Some of this growth was due to the very low number of authorizations in the fourth quarter of 1998 - combined with a high number in 1999. But for the year as a whole, multi-family unit authorizations grew by 135.3 percent—the largest increase since 1985.

Most of the fourth-quarter increase in building permit values took place in Honolulu and Hawaii Counties (Table E-6). The City & County of Honolulu permits rose by 75.5 percent from the fourth quarter of 1998 to the fourth quarter of 1999. Hawaii County permit-values jumped by 135.5 percent. In both counties, residential projects (both single family and apartments) made up most of the increase.

In the residential market, single family home prices increased by 5.4 percent in the fourth quarter compared to the fourth quarter of 1998 (Table E-7). For 1999, single family home prices were up **1.3** percent. Condominium prices increased by 7.5 percent in the fourth quarter, but just barely increased for the year as a whole (Table E-8). Unadjusted for inflation, both sets of prices are still below the peaks reached in the late 1980s and early 1990s.

While prices edged up in the fourth quarter, the number of transactions slowed. The number of single family home transactions actually fell by 15.4 percent compared to the fourth quarter of 1998 (Table E-9). Still, for the year as a whole single family transactions were up **11.6** percent.

The number of condominium transactions increased by 3.7 percent in the fourth quarter, but this was well off the pace set in the last several years (Table E-10). Even so, for the year, condominium transactions were still up a strong 19.2 percent.

Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999	2,991.2	1,398.1	647.9	319.3	430.9	584.8
1997 1 Qtr.	685.9	258.9	88.4	72.8	97.8	181.8
2 Qtr.	777.1	425.6	220.8	93.6	111.9	121.6
3 Qtr.	734.1	266.0	132.8	46.8	86.3	200.9
4 Qtr.	747.3	228.7	100.5	51.3	76.2	111.3
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	426.9	201.7	58.1	167.0	155.8

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry.*

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED - Con.

Year	*Contracting tax base 1/*	*Private Building Authorization*				*Government*
		Total Private Authorizations	*Residential*	*Commercial & Industrial 2/*	*Additions & Alterations*	*Contracts Awarded*
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999	-0.8	32.6	33.5	55.3	18.6	-14.7
1997 1 Qtr.	-16.8	-7.7	-25.3	-7.2	16.8	-43.1
2 Qtr.	-4.6	58.7	122.5	49.8	5.0	55.9
3 Qtr.	-12.5	-24.5	-25.3	-27.7	-21.4	-37.9
4 Qtr.	-7.5	5.8	10.1	8.7	-5.8	-32.3
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 1 Qtr.	3/ -3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	3/ 4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	3/ -4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	3/ 0.7	69.9	64.5	12.4	116.9	-15.1

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry.*

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Subject to revision by Hawaii State Department of Taxation.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

F. OTHER INDICATORS

The number of bankruptcy filings continued to fall in the fourth quarter. Indeed, the rate of decline accelerated. Most of the drop came from Chapter 7 filings. Thus, bankruptcy filings join other indicators in pointing to resurgent economic activity.

The number of bankruptcy filings in the fourth quarter of 1999 fell to 1,240 from 1,529 in the fourth quarter of 1998 (Table F-1). This was nearly a 19 percent decline. For 1999 overall, bankruptcies declined by 6.9 percent from the previous year. This was the first decline in annual filings since 1990.

Virtually all of the decline came from a 21.3 percent drop in Chapter 7 filings. Most bankruptcy filings in Hawaii occur under Chapter 7 which involves the liquidation of certain assets and the discharge of certain debts to give the debtor a "fresh start." For the year as a whole, Chapter 7 filings declined by 7.3 percent.

Chapter 11 filings fell by 25 percent in the fourth quarter of 1999 relative to the year-earlier quarter. However, the number of such filings is usually small—only six in the fourth quarter of 1999. Chapter 11 usually involves repayment plans by companies.

Chapter 13 filings increased by 7.8 percent in the fourth quarter to 138 from 128 in the fourth quarter of 1998. Chapter 13 is often used by individuals in working out repayment plans with creditors.

The number of Hawaii bankruptcies began falling in the second quarter of 1999. A similar pattern has occurred at the national level. Despite the fact that the Mainland economy has grown strongly over the last few years, Mainland bankruptcy filings were soaring until recently. It was only in the first quarter of 1999 that Mainland filings began to decline. In the fourth quarter of 1999, total U.S. filings fell 9.8 percent from the year-earlier quarter. Readers may find national bankruptcy data for the fourth quarter of 1999 at the following web site: **http://www.uscourts.gov/Press_Releases/cy99bk.pdf**.